



**KEY FIGURES**



Source: Swiss Federal Customs Administration, 2021

## CUSTOMS AND GOODS IMPORT/EXPORT

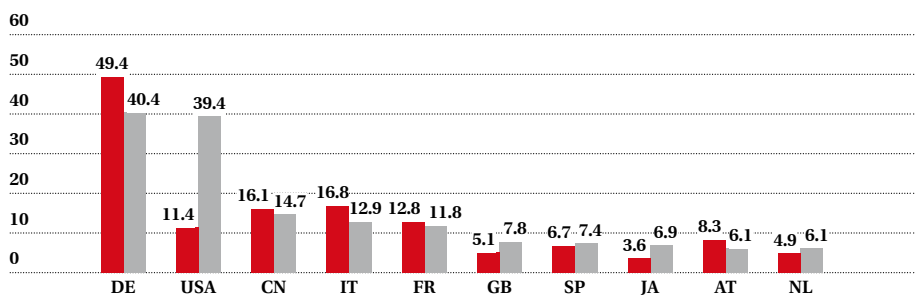
**AT A GLANCE**

Switzerland is one of the most globalized nations in the world when it comes to foreign trade. With an export surplus of 43 billion Swiss francs (2020), the country generates the bulk of its wealth by exporting its goods and services. Switzerland has one of the world's most comprehensive networks of free trade agreements including with the EU and China ensuring smooth and efficient trade with other countries. Switzerland also has simple and transparent statutory framework conditions in place, as well as a highly modern customs procedure. Swiss companies are thus able to gain significant competitive advantages over their competition abroad by offering the best possible supply management.

Swiss products stand for quality, precision, safety and reliability, all of which are attributes buyers abroad are willing to pay higher prices for. The mutual recognition agreements (MRA) provide products from Switzerland with official recognition of conformity with the product regulations of numerous trading partners, including the EU, the largest sales market worldwide. The process of importing and exporting goods is facilitated as a result of this agreement and gives Swiss companies a decisive advantage over competition from third countries which lack such agreements.

**Switzerland's 10 Most Important Trading Partners**

■ Import and ■ export 2020 (CHF billion)



Source: Swiss Federal Customs Administration, 2021

## EXTENSIVE COMPETITIVE ADVANTAGES

### Free trade agreements and technical barriers to trade

Aside from the EFTA Convention and the free trade agreement with the EU, Switzerland currently has a network of 32 free trade agreements (FTA) with 42 partners. Switzerland was the first European country to sign a bilateral free trade agreement with Japan (2009). Also on the bilateral level, the free trade agreement between Switzerland and China came into effect in 2014.

### Free Trade Agreement between Switzerland and China: a sample calculation

Competitive advantage of a Swiss exporter of washing machines (HS Code 8422.1900) against a competitor from the EU (no free trade agreements).

Trade partners	Value of goods	Customs Duties	Final price
Exporter from Switzerland	CHF 100,000	0%	CHF 100,000
Exporter from the European Union	CHF 100,000	14%	CHF 114,000

In addition to increasing the amount of trade considerably, free trade agreements help the Swiss export sector to pay a lot less duties.

### How does one use a free trade agreement?

In order to benefit from the preferential duty rates provided by free trade agreements, companies have to adhere to a few principles. These principles are especially important for those companies dependent on foreign primary materials in production:

- Free trade partners offer one another favorable terms, but not to third countries. In order to ensure this is the case, free trade agreements include what are known as **rules of origin**. These rules govern the extent to which products can be obtained, produced, processed or handled in third countries.
- Should companies wish to benefit from the preferential tariffs of a free trade agreement, they must provide **proof of origin** for the products being exported.

The following steps should be taken to assess whether a product is eligible for export to the market of a free trade partner, whether an exemption from duty applies and whether it is worthwhile:

1. Determine the customs tariff number of the product being exported. Once the customs tariff number has been determined, it becomes clear whether the FTA has stipulated a preferential duty rate for the product.
2. If a preferential duty rate exists and this rate differs substantially from the normal rate of duty (rate of duty without a free trade agreement), it is necessary to check the product-related rules of origin.

3. If the product being exported complies with the rules of origin, the documentation for the proof of origin can be produced and the export process can be initiated.

### Exception clause "Accumulation"

In order to reap the full benefits free trade agreements, companies can enhance their supply chains to ensure their products comply with the applicable rules of origin. This involves the correct choice of primary materials and countries of origin.

It also includes the possibility of what is known as **Accumulation**. In this case the company sources the primary materials for products from the trade partner. These are not subject to rules of origin, i.e. they can be used without any restriction in production.

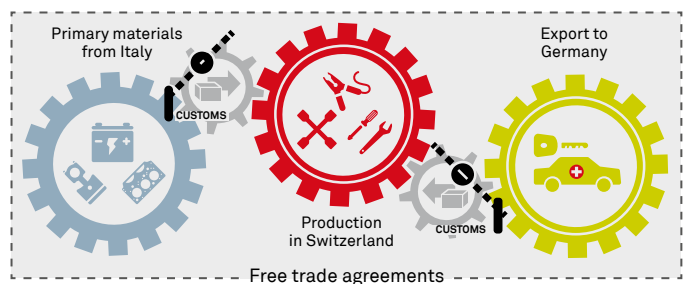
When applied to the Japan-Switzerland FTA, this means that when exporting a Swiss product to Japan, no minimum Swiss value-added component is required, provided that the primary materials come from Japan.

The same principle applies to any free trade agreements made with multiple states such as the EU. If a Swiss product is produced using primary materials sourced from Italy and is then exported to Germany, it is exempt from the rules of origin.

Since it can be challenging to determine and prove the origin of products, sometimes the support of specialists is required. Switzerland, being an export heavy country, has a great deal of expertise and numerous consulting services are available to companies in need of help dealing with the rules of origin and with the different free trade agreements.

### The Use of Accumulation for Supply Management

Case study for free trade agreements between Switzerland and the EU



### How is it best to deal with technical trade barriers?

When it comes to exporting goods, most companies ensure their goods comply with the rules of origin, but that they also meet the **product requirements** of the export market. The relevant compliance measures are often associated with significant additional costs.

As a result of the extensive harmonization of product regulations and **mutual recognition agreements (MRA)** between Switzerland and the EU/EFTA, these technical trade barriers have been removed from the world's largest sales market for numerous goods. The resulting annual cost savings amount to approx. 250 - 500 million Swiss francs. Another MRA between Switzerland and Canada has been in effect since 1999.

The MRA between Switzerland and the EU authorizes Swiss companies to affix the **CE label** required for EU-bound exports to their products. The CE label allows products to be brought directly onto the EU market without being subject to any further inspections.

For imports from the EU/EFTA area to Switzerland, the "**Cassis de Dijon principle**" has been applied to goods that are not regulated via the MRA. According to this principle, products that are sold legally in the EU or EEA can, in principle, also be circulated freely within Switzerland without any prior inspections.

Assessment of adequate conformity with the product regulations of the importing country is undertaken by a number of authorized **conformity assessment bodies (CAB)** in Switzerland. As Switzerland has ensured many of its product regulations are consistent with those of the EU and EFTA/EEA, these regulations are mutually recognized as being the same. Therefore, a single conformity assessment, in line with Swiss technical regulations, is sufficient for many products. Swiss CABs' conformity assessment procedures are considered especially quick and efficient.

The statutory provisions relating to **product liability** are similar in Switzerland and the EU. As the legal consequences of liability may differ from country to country, the product liability guidelines regarding exports must still be adhered to. If we look at the deductibles of the injured party, for example, they are generally lower in the EU than in Switzerland and in some countries, the compensable amount for damage is strictly limited.

### BENEFITS OF SWISS CUSTOMS COOPERATION

#### Savings thanks to processing procedure

The **inward processing** procedure can be applied to goods that are temporarily processed in Switzerland, instead of the standard import procedure. The goods to be processed are exempted from customs duty or can be imported temporarily with entitlement to a duty refund. In certain cases, imported goods (import tax) can be exempted from value-added tax.

A similar procedure (**outward processing**) can be applied to goods that are temporarily exported for processing and this procedure allows for duty-free reimportation or reimportation at a reduced rate.

The inward/outward processing consists of a) handling (e.g. filling, packaging, assembly, installation and mounting) and b) processing and repairing (repairs, restoration, etc.) of goods. In both cases, the approval of the Swiss Federal Customs Administration is required.

#### Savings resulting from weight duty

Switzerland is one of the few countries in which specific customs duties - number of units, length, weight - are applied when trading. Such customs duties are calculated for the majority of trading goods **based on the gross weight**. This has a positive impact on the import of high-quality goods that weigh very little.

Sectors such as the luxury goods industry, which is heavily dependent on high-quality materials for production, benefit greatly from this process. Companies can import primary materials such as gold and precious stones at low prices and then export their products (watches, jewelry, etc) with preferential tariffs to countries with which Switzerland holds a free trade agreement.

#### Authorized Economic Operator

Companies in Switzerland which can prove the safety of their international supply chain have the opportunity to acquire the status of an **Authorized Economic Operator (AEO)**. This is associated with an easing of safety-related customs controls.

For companies with large trading volumes, this can lead to significant cost-savings. AEO status is recognized by states with which Switzerland has concluded a corresponding agreement, as is currently the case with the EU. Corresponding agreements are planned with other countries (Norway, Japan, USA, China and others).

#### "Swiss Made"

The label stands for quality, precision and durability. These attributes encourage the willingness of customers abroad to pay for products produced by Swiss companies. Producers in Switzerland have the opportunity to make use of this protected Swissness label. A **new Swissness regulation** has been in force since January 1, 2017.

## Taxes and Duties

As is the case in other countries, taxes and duties are levied when importing specific goods to Switzerland. These include **value added tax (VAT) at 7.7%, which is very low in comparison with other countries** (VAT in the EU: 15 – 25%). The VAT on consumer goods such as food, books and medicines is actually only 2.5%.

Other taxes and duties:

- Incentive tax on CO<sub>2</sub>
- Heavy vehicle charges (LSVA and PSVA)
- Monopoly charges and beer excise tax (on alcoholic beverages)
- Tobacco tax
- Automobile tax
- Petroleum tax

An incentive tax is levied on products which contain specific volatile organic compounds (VOCs) (paints, varnishes, etc.) for environmental reasons.

## CURRENT DEVELOPMENTS

- Switzerland is currently holding negotiations relating to free trade agreements with the following trading partners: Russia-Belarus-Kazakhstan Customs Union, Moldova, Algeria, India, Vietnam, Malaysia, Thailand and Mercosur.
- Since January 2021, a free trade agreement has also been in force with the United Kingdom. It represents a replication of a large part of the trade-related rights and obligations under the bilateral agreements between Switzerland and the EU.
- Although the Institutional Framework Agreement with the EU (IFA) did not materialize, the current market access conditions to the EU market for Swiss companies remain unchanged, with the exception of the medical technology sector.

## CONTACTS AND FURTHER INFORMATION

### Authorities

[State Secretariat for the Economy](#)

[SECO](#)

[www.seco.admin.ch](http://www.seco.admin.ch)

> [List of Free Trade Agreements of Switzerland](#)

> [Technical Barriers to Trade](#)

> [Mutual Recognition Agreements \(MRA\)](#)

> [“Cassis de Dijon principle”](#)

> [Conformity Assessment -](#)

[Accreditation](#)

> [Portal of Swiss technical regulations](#)

> [REACH Helpdesk](#)

[Swiss Federal Customs](#)

[Administration](#)

[www.ezv.admin.ch](http://www.ezv.admin.ch)

> [Customs tariffs/tariff numbers](#)

> [Overview of Rules of Origin](#)

> [Exemptions, reliefs, preferential tariffs and export contributions](#)

> [Authorised Economic Operator \(AEO\)](#)

> [Taxes and fees](#)

[European Commission](#)

[www.ec.europa.eu/trade](http://www.ec.europa.eu/trade)

### Associations

[www.igaircargo.ch](http://www.igaircargo.ch)

[www.s-ge.com](http://www.s-ge.com)

[www.snv.ch](http://www.snv.ch)

[www.spedlogswiss.com](http://www.spedlogswiss.com)

[www.swiss-export.com](http://www.swiss-export.com)

[www.swiss-shippers.ch](http://www.swiss-shippers.ch)

### S-GE resources

[ExportHelp](#)

[www.s-ge.com/exporthelp](http://www.s-ge.com/exporthelp)

[Information on the Swiss free trade agreements](#)

[www.s-ge.com/fta](http://www.s-ge.com/fta)

[Customs Database \(worldwide customs tariffs\)](#)

[www.s-ge.com/customstariffs](http://www.s-ge.com/customstariffs)

[Guidelines for customs and cross-border trade](#)

[www.s-ge.com](http://www.s-ge.com)

[Swissness legislation](#)

[www.s-ge.com/swissness](http://www.s-ge.com/swissness)

[Handbook for Investors](#)

[www.s-ge.com/](http://www.s-ge.com/)

[handbookforinvestors](#)

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[Switzerland as a business location](#)

[www.s-ge.com/factsheets](http://www.s-ge.com/factsheets)

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